

Message Text

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12

ACTION NEA-10

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E.O. 11652: N/A

TAGS: EFIN, EAID, SY

SUBJ: STRONG SYRIAN ECONOMIC DELEGATION TO SAUDI ARABIA

REF: DAMASCUS 487 NOTAL

1. AS REPORTED REFTEL, SARG CY 1976 BUDGET, ALREADY PROMULGATED AT L.S. 16.5 BILLION (\$4.5 BILLION), IS STILL UNDERGOING REVISION. ACCORDING TO ONE SARG DEPUTY MINISTER, FEB 2 DEPARTURE FROM DAMASCUS OF HIGH-LEVEL SARG ECONOMIC DELEGATION TO SAUDI ARABIA IS FOR PURPOSE OF OBTAINING ADDITIONAL FINANCIAL SUPPORT FROM SAG. SARG DELEGATION HEADED BY: DEP PM FOR ECONOMIC AFFAIRS MOHAMMAD HAYDAR (BAATH REGIONAL COMMAND MEMBER; JUST RETURNED FROM ALGERIA/MOROCCO ON SYRIAN PEACE-MAKING EFFORT); MINISTER OF ECONOMY AND FOREIGN TRADE DR. MOHAMMAD AL-IMADI (PH.D., NYU; FORMER PLANNING MINISTER AND SO-CALLED FATHER OF SYRIAN ECONOMIC LIBERALIZATION AND KEY LEADER IN PRAGMATIC APPROACH TO SYRIA'S ECONOMIC DEVELOPMENT); AND DEPUTY MINISTER OF STATE FOR PLANNING AFFAIRS MOHAMMAD ISSAM HILOU (B.S. PETROLEUM ENGINEERING U OF TEXAS; KEY SARG PLANNER AND COORDINATOR FOR ALL BILATERAL AND MULTILATERAL ASSISTANCE). HILOU SAYS TRIP ONLY PLANNED IN LAST FEW DAYS; DELEGATION PLANS TO STAY IN SAUDI ARABIA UNTIL AROUND FEB 7 (AND WE HOPE THEY MAKE IT BACK BY THEN AS THESE ARE THREE TOP OFFICIALS WE WISH A.I.D. ASSISTANT ADMINISTRATOR NOOTER TO MEET FOLLOWING HIS FEB 5 ARRIVAL IN LIMITED OFFICIAL USE

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DAMASCUS AND EARLY MORNING FEB 9).

2. REFTEL ALSO REPORTED CONSISTENT RUMORS IN DAMASCUS OF SARG CASH FLOW CRUNCH AND VARIOUS RESULTANT CUTS IN BUDGET, REPORTEDLY RANGING FROM 25 TO 50 PER CENT. REDUCED FOREIGN FINANCING IS GIVEN AS MAIN PROBLEM AND SEVERAL SOURCES HAVE POINTED TO REPORTS OF SLOWDOWN IN SAUDI PAYMENTS UNTIL SYRIAN ROLE IN LEBANON CALRIFIED, PLUS ADDITIONAL STRINGS ATTACHED TO SAUDI AID TO SYRIA.

3. WOULD APPRECIATE ANY INFO JIDDA MAY PICK UP. SYRIANS SAY THEY ALSO WILL VISIT RIYADH, MECCA AND MEDINA. USEFUL SOURCE MIGHT BE RASHID PHARON'S SON GHAITH AS SARG SOURCES SAY HE IS INVESTIGATING INVESTMENT OPPORTUNITIES IN SYRIA FOR HIS PRIVATE CAPITAL, TO JOIN WITH EITHER SYRIAN PRIVATE OR PUBLIC CAPITAL.

4. ALSO POSSIBLE ASPECT OF SARG/SAG DISCUSSIONS COULD BE SAUDI CRUDE OIL SUPPLIES BY TANKER TO SYRIAN PORTS TO FEED SINGLE SYRIAN REFINERY AT HOMS, WHICH CURRENTLY USING (AS IT WAS BUILT TO DO) BLEND OF HIGHER QUALITY IRAQI CRUDE (80) AT CA \$3.00 BBL UNDER TERMS EXPIRED TRANSIT AGREEMENT, AND LOW GRAVITY SYRIAN CRUDE (20). SARG/GOI TRANSIT AGREEMENT EXPIRED 12/31/75 AND SARG PETROLEUM MINISTRY SOURCES NOT OPTIMISTIC OVER ANY FORTHCOMING ATTITUDE ON PART OF GOI WHEN NEGOTIATIONS ON NEW AGREEMENT BEGIN, REPORTEDLY AROUND FEB 10 IN BAGHDAD (SEPTTEL). MINPET OFFICIALS BELIEVE IRAQ CAN SHIFT NORTHERN IRAQI OUTPUT TO NEW "STRATEGIC PIPELINE" TO GULF WHICH OPENED RECENTLY; SYRIANS SAY CAPACITY OF NEW LINE IS 48 MILLION METRIC TONS PER ANNUM AND THAT IRAQ COULD DO WITHOUT SHIPPING CRUDE THROUGH SYRIA AND LEBANON TO EASTERN MED.

5. ALSO APPRECIATE WORD ON ANY DELAY OF SARG DELEGATION RETURN TO DAMASCUS.
MURPHY

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